

Opponents of 80 Per Cent Tax Face Big Fight

Treasury Figures on Huge War Profits Arouse Nation

Over \$4,000,000,000 Subject to Impost

Estimated Additional Earnings of Corporations Since 1913 Is \$18,000,000,000

By Theodore M. Knappen

WASHINGTON, Aug. 23.—Through the Ways and Means Committee the Treasury Department has supplied Congress with some amazing facts and figures regarding the magnitude of the increased profits that have come to American corporations since the beginning of the present war.

The campaign that has already begun to keep the 80 per cent war profits tax from becoming law will be compelled to explain away these figures, and the feeling is that, no matter how much the Senate may be impressed by the arguments of the manufacturers, the country will not permit them to have their way in the end.

The average of pre-war profits of American corporations making returns under the income law, based on the years 1911-'12-'13, was \$4,089,000,000. By 1916 profits had increased to \$8,765,000,000, as against \$4,714,000,000 in 1913, the best year before the war. By 1917 they had increased to \$10,500,000,000.

For 1918 they are estimated at \$9,700,000,000. Including the current year, the total of additional profits since January 1, 1914, is about \$18,000,000,000.

Large Amount Taxable

The new law will provide that corporations may deduct their pre-war profits, plus 10 per cent of their capital added since December 31, 1913, from their 1918 profits before applying the 80 per cent tax. Disregarding the additional proviso that if their pre-war income was actually less than 10 per cent they may deduct that much arbitrarily, it is calculated that the total deduction would leave \$4,004,864,000 subject to the 80 per cent tax.

Allowing for the increase in the total deduction by reason of the flat 10 per cent now allowed by the bill in case pre-war profits were less than that amount, it is calculated that the corporations, if not affected by the excess profits alternative, would pay \$2,616,000,000 in war profits taxes. Including the excess profits, they will probably pay \$2,900,000,000.

Subtracting this amount of taxes from the 1918 estimated net income leaves the corporations with \$6,800,000,000 of their profits, or about \$2,700,000,000 more than the pre-war average, or \$2,500,000,000 more than they made in 1914, the latter being a slack year.

So, after paying the 80 per cent war profits tax or the high excess profits tax, they still have an immensely larger sum of profits for themselves than they had four years ago. The conclusion is thus reached that the industries of the country are in no danger of ruin from war taxation.

A Typical Case

The situation may be made a little more tangible by taking the case of a company with an invested capital of \$5,000,000, and assuming that it has not added to its capital since the pre-war period and has increased its net earnings from 10 per cent to 50 per cent. The 1918 profits of this company would be \$2,500,000. Deducting the pre-war profits of \$500,000 would leave \$2,000,000 subject to the 80 per cent tax, which would amount to \$1,600,000, leaving the company, after deducting this amount, available profits

of \$900,000, or \$400,000 more than before the war. If the company has, however, increased its capital by \$2,000,000, its 10 per cent allowance on that account would alter the figures so as to give it a present profit of \$1,440,000, or 18 per cent, as against 10 per cent before the war.

The further point is made that the taxes on "swollen profits" during the last years of 1915 and 1916 were merely the normal taxes, and that even in 1917 the corporations had to give up only \$1,500,000,000 of their \$10,500,000,000, so that up to 1917 they retain the great bulk of all their usual profits and are thus well fortified to stand heavy taxes now. Companies that are making no more now than before the war and that fall under the excess profits provision, are guaranteed 8 per cent income before they pay any but normal taxes, so that even in their case it is argued that no injustice will be done.

Capital Well Safeguarded

Another fact that has been overlooked in considering whether the proposed heavy taxes are insupportable is the provision that is being incorporated into the law to allow for amortization of capital invested in plants which may be useless at the end of the war because of the termination of the demand for supplies. Such companies will be permitted to charge off a very large amount each year for depreciation in determining their profits.

The Ways and Means Committee was not in session to-day, and will not be to-morrow, but it is being flooded with protests of all sorts against its various announced conclusions. One of its determinations that is coming in for much criticism is the decision to apply the personal income taxes to state, county and city officials and to the incomes from the obligations of those political subdivisions. The Controller of the City of New York has filed a protest on this subject.

The general view of lawyers is that the Supreme Court will not sustain the committee should this provision become law, and that if it were sustained it would mean the end of state sovereignty and pave the way to complete centralization of government, as the taxing power could be utilized to check or prevent almost every function of the state governments.

The Treasury Department has not abandoned all hope of getting the revenue bill through Congress by September 28. It is possible that the President will exercise his influence to obtain action much sooner than House and Senate leaders now think possible.

In any event, it will not be possible to postpone the Liberty Loan campaign, much as Congress's failure to act promptly will embarrass Treasury operations and tend to interfere with the success of the loan.

Barbers Call Strike For Increased Pay

A whistle shrilled yesterday in the barber shop at the south end of the Hudson Terminal concourse. Nine barbers paused, razors or scissors poised in midair. Nine lathered or half-shorn customers cocked nervous eyes at the mirror, where they saw reflected H. P. Appgar, president of Local 682 of the International Journeymen Barbers' Union of America. He announced there was a strike on. Barbers were going to get \$15 a week and 50 per cent commission on all chair receipts in excess of \$25 weekly or New York would go unshaven and unshorn. The nine barbers fell into line and marched out behind Mr. Appgar. They marched to another branch of the Terminal barbers' shops, at 80 Church Street, where the whistle sounded again and eight more recruits were acquired.

At 50 Church Street, another branch, nine men joined the strikers with enthusiasm and the phalanx moved confidently upon a fourth branch, at 195 Broadway. But there Frank Pearson, the manager, and his seven barbers failed to be impressed.

The strikers advanced upon a Terminal barber shop in the Equitable Building. The twenty barbers employed there scarcely waited for Mr. Appgar to finish his speech before they made preparations for departure.

Joseph B. Schusser, president of the Terminal Barber Shops, said the barbers hadn't given him a chance to consider their demands.

In spite of the strike the barber shops in the Waldorf-Astoria, the Biltmore and the Manhattan were in operation yesterday, the places of the strikers having been filled. The Hotel Belmont shop, however, found it impossible to get barbers and its chairs stood idle.

All barbers below Fifty-fifth Street will be called out to-day.

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Couple Slain, Bodies Are Hurlled From Car in Railway Mystery

Continued from page 1

most simultaneously. The policeman, by chance, had been reporting to headquarters from a post not far from the murder scene, when Dr. Moore's whispered message came over the wire. These people saw the wounded man open his eyes, struggle to speak and die. At the Pennsylvania Railroad Station, a few blocks away, Policeman James Lynch heard the backfire of the fleeing automobile as it careened around the corner of the station and called to the driver, hunched over the wheel, to stop. The officer commanded a taxicab and attempted to overtake the car, but was soon outdistanced.

He reported to headquarters the direction taken by the automobile, and word was flashed to Linden, N. J., three miles away on the road to Ellijah. Acting Desk Sergeant John Skolay was alone in the police station there, but he took up a gun, and flashlight in hand took up a stand in the middle of Wood Road, at the intersection of the car road. He heard the back fire of the automobile before it came in sight, and when it finally appeared signalled the driver to stop. Instead of obeying the man at the wheel stepped on the accelerator and drove straight for the policeman, who jumped for a ditch and safety. Afterward, however, he said he had not been told definitely that a crime had been committed, or he might have stopped the automobile by shots from his revolver.

Girl's Body Found

A few hours later another policeman a few miles further on in Linden reported the finding of an abandoned seven-passenger motor car in a roadside ditch, and at daylight a woman in the centre of Linden reported that a girl's body was lying in the road in front of her home.

That, briefly, is all the authorities know of the killing of Arthur Kupfer, superintendent of the Perth Amboy cigar factory, and of Miss Edith Janney, the nineteen-year-old cashier in the Hotel Madison, of Perth Amboy. No arrests had been made last night, and on the word of Chief David Ramsey, of the Perth Amboy police, said that the investigation rests on the railway authorities.

John J. Galligan, county detective of Union County, assumed charge of the investigation yesterday afternoon, and went over the route followed by the automobile from Perth Amboy to the spot where it was abandoned.

Use of Photoplays by "Spies" Investigated

The use of moving pictures to inform German agents in Mexico and other foreign countries of military activities in this country is being investigated by the military authorities.

This was learned yesterday following the arraignment of William C. Thompson, of the Royal Cinema Film Exchange, doing business at 145 West Forty-fifth Street, before Judge Malone in General Sessions on the charge of receiving stolen goods. In default of \$5,000 bail, Thompson was sent to the Tombs.

Thompson was arrested Wednesday night following a raid on his office by United States custom and military police, Detective Russo, of the District Attorney's office, and operatives of a private detective agency. Reels of three photo plays, said to have been stolen from the Famous Players-Lasky Corporation, were found.

An investigation is being made as to the nature of other moving pictures stolen in this country and sent to Mexico, China, and other neutral countries for the supposed purpose of circulating German propaganda or revealing military secrets.

The method of operations, it is said, was through the captions or inserts of photo plays. These were in code form and were printed in the language of the country to which the pictures were sent.

Thompson admitted receiving the pictures found in his office, but denied all knowledge of them having been stolen or to having been a party to any smuggling pictures out of the country or any connection whatever with German propaganda.

I. W. W. Appeal Set for Monday

CHICAGO, Aug. 23.—Federal Judge Landis announced to-day that he would hear arguments Monday morning on the motion for a new trial for the 100 I. W. W. leaders recently found guilty of conspiracy to interfere with the government's conduct of the war. Counsel for the I. W. W. have signified their intention of appealing the case.

Diamond Ring Missing

Kupfer was the proud owner of a two-carat diamond ring worth about \$600. That was missing when the body was examined. Miss Janney, according to her brother, wore an inexpensive ring, worth not more than \$15. It had a setting containing a small sapphire, diamond and garnet. This also was missing, according to the police. The police say Kupfer had \$178 when he left Perth Amboy in the evening, and that also is missing.

The Rev. Dr. Moore told the police he heard one of the men in the machine say:

"We've got to get rid of the girl." Then another man's voice said: "No. Drive like the devil."

An examination of the bodies showed that Kupfer had a shot through the heart. The bullet took a downward course, and it is more than likely that the murderer was standing in the tonneau and leaned over his victim to shoot him. The girl was killed by a bullet fired into her head from the left side at the top, behind the ears. The autopsy is to be performed to-day by County Physician Weston, of Rahway.

An examination of the automobile showed that the rods controlling the gasoline supply had become disconnected, so that the only way to stop the car was to shut off the battery switch. In the machine were two women's hats. Both of these belonged to Miss Janney, who left one in the car the night before and when she was shot was wearing a cap belonging to Kupfer. This was found beside her, a powder-burned hole in the top.

Girl Engaged to Soldier

Miss Janney's family declared she was not engaged to Kupfer and denied that she was engaged to any one else. They said she was friendly with a number of young men. Saxe was authority for the statement that Miss Janney was engaged to a soldier at Camp Dix. The police said they would question this young man. Kupfer's mother, Mrs. Anna Kupfer, lives in 695 St. Nicholas Avenue, Manhattan.

Neither Chief Ramsey of the Rahway police, nor Chief Burke of Perth Amboy, seemed especially interested yesterday in finding the murderer or murderers. Ramsey said:

"It's not up to me. This crime was

SLAIN GIRL AND FRIEND



Miss Edith Janney (above) and Mrs. Genevieve Hendrickson.

planned in Perth Amboy. What do those people come over here to do their dirty work for?"

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Railways Given First Call on All American Steel

Shipping Next, War Department Third, Industries Board Decides

WASHINGTON, Aug. 23.—The railroads of the country will consume the largest amount of steel required by the government, the War Industries Board announced to-night following an all-day secret conference with the steel committee of the American Iron and Steel Institute. Shipbuilding requirements come next, with the War Department's programme third and the navy fourth.

The meeting was called by Steel Administrator Reple to find means to meet in full, if possible, the steel needs of the government and the Allies. These demands for the last six months of this year already amount to more than 25,000,000 tons, and are rapidly approaching the 25,000,000 mark.

To remedy the shortage of steel, which is so acute that actual requirements cannot be met unless drastic action is taken by the steel producers and the government, according to officials, the following measures were determined as urgent:

First, greater conversion of mills to

the production of steel required in the war programme. This will necessarily entail the elimination of many kinds of steel now being made for the non-war industries.

Second, increase in the coal supply, particularly by-product coal, available for mills engaged in war work. Further curtailment of non-war industries, commencing with the steel industry, and industries that could use poorer grades may have to be resorted to if this situation is to be met. Shortage of this grade of coal is serious, and declared to be the crux of the admittedly alarming steel shortage.

Third, shutting off of further steel shipments to industries other than those engaged in meeting war needs.

Fourth, more rigorous conservation in the handling of steel in the mills is demanded of the steel industry.

The steel conference also was told that the Treasury's Capital Issues Committee, as a means of saving steel, has adopted the policy of scanning with special severity applications for issuance of securities intended to finance enterprises in which iron or steel would be used.

The steel representatives promised their utmost cooperation in meeting the government's demands, and virtually pledged themselves to so increase their output as to guarantee meeting the war programme.

Dr. Dryfoss Found Dead

The body of Dr. Arthur Dryfoss, 42 West Eighty-fifth Street, was found in his home yesterday. The police said that death was self-inflicted. A hypodermic needle was found near the body.

Melting of U. S. Statue in Potsdam Urged as Reprisal

AMSTERDAM, Aug. 23.—There is much discussion among the people of Potsdam whether the bronze statue of General von Steuben, of American Revolutionary fame, which stands in the Kommandantur Gardens, in Potsdam, shall go to the melting pot as a reprisal for the Americans having melted the statue of Frederick the Great, given to them by the German Emperor.

The Steuben statue, which bears a dedication from the United States Congress, was a return gift made in 1911 for the Frederick the Great statue.

The "Cologne Gazette" has pronounced against the proposal to melt down the Steuben statue on the ground that it would be a discourtesy to the Congress of 1910, which no longer is in existence, and also to the present Congress, which "was not responsible for the war, but only a victim of trickery."

"Moreover," says that paper, "we do not need to copy every asininity of a crazy government or a rabid populace. When the day comes when reason shall have returned to the Yankees, nothing will be more calculated to make them blush with shame than the sight of their own memorial which outlasts the storms of the frenzied times."

The statue of Frederick the Great referred to has not been melted down, but has been put in storage.



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